



Aspen *Environmental Group*

PROJECT MEMORANDUM LODI GAS KIRBY HILLS NATURAL GAS STORAGE FACILITY PROJECT

To: Junaid Rahman, CPUC
From: Vida Strong, Aspen Project Manager
Date: August 10, 2006
Subject: Weekly Report #11: July 30, 2006 – August 5, 2006
CPUC Environmental Monitors (EM): Jody Fessler

CPUC EM Jody Fessler was on site August 4th.

PIPELINE SEGMENT:

Summary of Activity:

On Monday, crews successfully ran a caliper pig through the 16-inch pipeline. On Tuesday, crews completed runs of drying and brush pigs through the 16-inch pipeline. Pipeline right-of-way clean-up continued throughout the week.

On Monday, crews completed the 12-inch pipeline minus the hydrotest heads. Also on Monday, a small grass fire was accidentally started by a grinder spark. The spark traveled approximately 75 feet from the source to the grass. The fire was quickly extinguished since the water truck was nearby. The burned area was approximately 110 square feet. The area was soaked extensively with water and the Lodi Gas Environmental Inspector (EI) contacted the CPUC EM, the local fire department, and the landowner as stated in the Fire Prevention Plan. On Tuesday, crews completed welding of the 12-inch pipeline and installed the fiber optic cable, electrical cable, and the HDPE air line. On Wednesday, crews installed test heads on the 12-inch pipeline and introduced water for the hydrotest. On Thursday, crews attempted hydrotest of 12-inch pipeline, however, the temperature and sun variations did not allow for proper pressure chart recording. On Friday, crews were able to hydrotest the 12-inch pipeline successfully (see Figure 1). Crews also completed the connection of HDPE pipe for the instrument air line. On Saturday, crews dewatered the 12-inch pipeline and ran brush pigs and a sizing plate in the 12-inch pipeline segment. The 2-inch HDPE air line was also pressured and tested for four hours. Crews prepared for tie-in of the 12-inch pipeline into the mainline.

On Friday, aerial markers and cathodic protection posts were being installed along the pipeline.

The staging area off Shiloh Road is being used for the staging of materials and equipment for the pipeline construction. Lodi Gas and Rockford, the construction contractor, also have work trailers staged on the site.

Water trucks were observed often watering down the right-of-way for dust control.

A Jones & Stokes EI was on-site on behalf of Lodi, to ensure compliance with mitigation measures adopted in the Mitigated Negative Declaration (MND), Storm Water Pollution Prevention Plan (SWPPP), and other permit requirements.

Environmental Compliance Activities:

The CPUC EM observed that construction activities were in compliance with mitigation measures adopted in the MND and other permit requirements.

WELL SITES:

PG&E continued to work on the re-route of their pipeline around well site S-2 throughout the week.

Environmental Compliance Activities:

The CPUC EM observed that construction activities were in compliance with mitigation measures adopted in the MND and other permit requirements.

KIRBY HILLS COMPRESSOR STATION SITE:

At the Kirby Hills Compressor Station, excavation for foundations, foundation work, backfill and compaction around foundations, and station piping fabrication continued throughout the week (see Figure 2). On Monday, rebar was set for the tank battery foundations and crews excavated for the contactor tower foundations. On Tuesday and Wednesday, concrete was poured for the two tank battery foundations. On Tuesday, the north compressor and cooler were set. On Wednesday, the tanks were delivered to the site, but there is a discrepancy between the drawings and the tanks. Foundation modifications must be made to the two foundations. A retention basin at the compressor site was used throughout the week to store hydrotest water for purposes of dust control (see Figure 3).

Water trucks were observed regularly watering the site for dust control.

Environmental Compliance Activities:

The CPUC EM observed that construction activities were in compliance with mitigation measures adopted in the MND and other permit requirements.

METERING STATION SITE:

No work took place at the Metering Station site this week by PG&E or Lodi Gas. Lodi Gas is waiting for the Solano County building permit and NTP #5 before construction proceeds.

Environmental Compliance Activities:

The CPUC EM observed that construction activities were in compliance with mitigation measures adopted in the MND and other permit requirements.

NOTICES TO PROCEED (NTP):

Table 1 presents the NTPs issued by the CPUC for the Lodi Gas Kirby Hills Project to date.

**TABLE 1
NOTICES TO PROCEED
(Updated 8-10-06)**

NTP #	Date Issued	Description
#1	5-19-06	Pipeline Portion
#2	5-31-06	Civil (grading) and piping construction of the well sites, and civil (grading) construction of the compressor station
#3	7-05-06	Compressor station and well site construction. Drilling of three new storage wells.
#4	6-20-06	Civil portion only of the natural gas receiving/metering station
#5	Under Review	Metering station foundation, structural, piping, electrical, and instrumentation construction. County permit pending.

VARIANCE REQUESTS:

Table 2 presents the Variance Requests reviewed and approved by the CPUC for the Lodi Gas Kirby Hills Project to date.

**TABLE 2
VARIANCE
(Updated 8-10-06)**

NTP #	Date Requested	Date Issued	Description
#1	6-01-06	6-05-06	Request to trench through ephemeral wetland area approximately 70 ft. west of Olson Road.
#2	5-31-06	6-08-06	Lodi gas would like permission to trench through an area with a CNPS listed plant (pappose spikeweed). CPUC approval contingent upon CDFG concurrence. 6/21 – CDFG feedback provided and forwarded to J&S.
#3	6-16-06	6-16-06	Request to trench through two ephemeral wetland areas west of Shiloh Road.
#4	6-27-06	6-28-06	Request for additional workspace on the west side of Shiloh Road for the Shiloh bore.
#5	6-28-06	6-29-06	Request for removal of two small eucalyptus trees and trenching through the root system of two larger trees.
#6	7-07-06	7-07-06	Request to use additional workspace at the corner of Shiloh Road and the Kirby Hills access road to support large vehicles and equipment being transported to the Kirby Hills site.
#7	7-07-06	7-18-06	Request to relocate a PG&E distribution line around the S-2 well site. CPUC has requested historical resource information on the drilling “dog house” that is near the site. Jones & Stokes submitted information on 7/17/06.
#8	7-07-06	7-07-06	Request to move the 4-inch temporary gas line.

ENVIRONMENTAL COMPLIANCE:

One Project Memorandum has been issued by the CPUC EM for the project to date. On June 27th, the CPUC EM observed dump trucks dumping spoils from the Kirby Hills site on a levee road in an adjacent wetland area. This activity was not described in the project description. The CPUC EM requested to review permits for this activity. The landowner provided Lodi Gas with the 2006 Annual Application for the USACE Wetlands Maintenance, a copy of a letter from the USACE to the Suisun Resource Conservation District dated May 31, 2006, and a letter from the Suisun Resource Conservation District to the landowner dated June 5, 2006. The CPUC EM reviewed these documents and has concluded that the work activities are in compliance with the USACE approval. The Project Memorandum serves as a reminder that all permits for construction activities related to the Kirby Hills Natural Gas Storage Facility project be submitted and approved by the CPUC. Also, if changes to project activities as described in the MND occur, a Variance Request shall be submitted.

No Non-Compliance Reports (NCR) have been issued by the CPUC EM for the project to date.

UPCOMING ITEMS:

Starting August 3, Lodi Gas began holding bi-weekly conference calls on Thursdays at 1:30 p.m. (PST) to review issues and upcoming events.

Photographs



Figure 1 – Hydrotesting of the 12-inch pipeline between well sites S-10 and S-2 with burned area in the background, August 4, 2006.



Figure 2 – Foundation work at the Compressor Station site, August 4, 2006.



Figure 3 – Compressor Station site and retention basin where hydrotest water is being stored to use for dust control, August 4, 2006.